

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL NOTE

HB 2348 - SB 2210

February 20, 2012

SUMMARY OF BILL: Makes multiple changes to Tennessee Code Annotated Section 49-1-104 relating to maximum class size and split-grade classes. Requires each LEA to set a new policy on class size limits that prohibits pupil-teacher ratios from exceeding the maximum class size limit. Establishes the maximum pupil-teacher ratio at 1:25 in grades kindergarten through third grade; 1:30 in grades four to six; 1:35 in grades seven through twelve; and 1:25 in career and technical education (CTE) courses. Removes current statutory requirement that the average pupil teacher ratios shall establish the minimum number of regular classroom teaching positions. Removes current statutory requirement stating that the average size specified for each grade level involved in split grade classes will be the maximum size allowed in those classes.

Makes multiple changes to Tennessee Code Annotated Section 49-3-306 relating to salaries and pay supplements. Requires each LEA to annually submit to the Commissioner of Education a salary plan applicable to licensed personnel. Specifies that these salary plans are to include a base salary per school year consisting of a term of 200 days. Prohibits the adopted salary plan from resulting in a salary reduction for a teacher employed by the LEA at the time of the plan's adoption. Excludes substitute personnel from the salary plan. Removes current requirement that the Commissioner of Education must annually form a state salary schedule and local salary schedule for each LEA and removes all requirements and activities related to these formulations. Requires state education funds for salaries to be paid in equal installments to the LEA. Prohibits LEAs from using additional funding provided by the state for salaries for licensed personnel to supplant local funds used for such salaries at the time additional state funds were appropriated. Deletes current statutory requirement that LEAs continue to pay licensed personnel an additional amount when the LEA gave such personnel an additional amount under the state salary schedule and the additional amount was paid out of local funds.

Deletes current statutory language of Tennessee Code Annotated Section 49-3-366. Increases the amount that the Basic Education Program funding formula (BEP) will pay per instructional position to \$42,250 effective for FY12-13. Adjusts the BEP funding formula for regular classroom positions as follows:

- 1 position per 25 students in grades K-3;
- 1 position per 30 students in grades 4-6;
- 1 position per 30 students in grades 7-8;
- 1 position per 25 students in grade 9; and
- 1 position per 22.08 students in grades 10-12.

Prohibits the state from giving LEAs less funding in FY12-13 and subsequent fiscal years for instructional salaries, benefits, insurance, and unit costs adjusted for any mandatory increases in these categories and for any changes in average daily membership (ADM) than the LEAs received for these categories in FY11-12.

Deletes in its entirety Tennessee Code Annotated Section 49-5-402 related to salary ratings set by the director of schools for each person employed as a teacher or principal teacher as well as the director of schools and other school personnel employed on a system-wide basis. Removes requirements that high school counselors serving more than one school in counties with a population of not more than 23,300 and no less than 23,600 according to the 1970 federal census or subsequent census be compensated fifteen cents per mile for travel. Deletes authority of school personnel employed on a system-wide basis who complete additional training to have their salary rating reevaluated January 1 of the school year if other requirements are met. Deletes language requiring that military personnel who have served as Junior Reserve Officer Training Corps (JROTC) instructors in accordance with Tenn. Code Ann. § 49-5-108(c)(4) for no less than two years and who currently teach in subject areas other than JROTC or military science (for which they are properly licensed), to be credited with their years of experience teaching JROTC and military science for the purposes of determining their salary ratings.

ESTIMATED FISCAL IMPACT:

Increase State Expenditures – Net - \$795,000/FY12-13 and Subsequent Fiscal Years

Increase Local Expenditures – Net - \$341,700/FY12-13 and Subsequent Fiscal Years

Assumptions:

- The maximum class sizes for each grade level remain the same.
- In FY12-13 and subsequent fiscal years, the BEP will fund instructional positions based on the maximum class sizes allowed, rather than on the average class size. The funding ratios for grades nine through twelve and CTE courses will remain the same. However, grades kindergarten through eighth will increase from their current funding ratio.
- The increase in funding ratios will result in fewer instructional positions that will be generated by the BEP, resulting in a decrease in the state portion of the BEP instructional component and a corresponding decrease in the required local match for this component.
- The decrease in state and local funding resulting from changing the student-teacher ratios the BEP funds in grades kindergarten through eighth will be offset by an increase in the salary component of the BEP that will increase state and local BEP expenditures.

- The results of the new BEP formula will be reviewed so that no LEA receives less funding under the instructional component of the BEP in FY12-13 and subsequent years than it did in FY11-12, including any mandatory increases. According to the Department of Education (DOE), the majority of these funds will come from the reduction in BEP funding due to the reduced number of positions generated by the formula and only in a few cases will new funds need to be added to the formula for the hold harmless provision.
- The net increase in funding is based on the running of the BEP formula by the Department of Education set to the specifications outlined in the provisions of this bill.
- According to the Department of Education, the new BEP funding formula (includes hold harmless in FY12-13 and subsequent years, increase in the instructional component, and a decrease in positions generated) will yield a net increase in state expenditures of \$795,000 and a net increase in local expenditures of \$340,714 in FY12-13 and subsequent fiscal years.
- Since the maximum class size amounts are unchanged, the DOE assumes that classroom space will be adequate; thus, eliminating the need for new classrooms or teachers.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.



Lucian D. Geise, Executive Director

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